



Budget Committee 101

May 3, 2011

Milwaukie Finance

Agenda

- Background on Budgeting
 - What is a budget?
 - Oregon Budget Law & the Budget Committee
 - Fund Accounting
- Reading the Proposed Budget Document
 - Schedule of Appropriations
 - Other Budget Items
 - Budget Information on Website





Background on Budgeting

Budget as a Reflection of Policy

- What the City deems most important will govern the way it spends available funds
- Policy areas that guide the budget:
 - Overall direction of the City
 - The breadth of its municipal responsibilities
 - The nature of the City's financial obligations
 - The City's risk and stability posture



Budget as a Plan

- The Budget is the City's Financial Plan
- Defines how much will be spent on which City services
- Funding level is a compromise between:
 - Amount of funding available (always restricted)
 - Amount of service desired (typically unrestricted)
- Final budget reflects community priorities
 - As expressed through the Budget Committee and City Council



Budget as a Control

- Once set, the City Budget serves as an important Control
 - Restricts spending to the authorized limit
 - Helps ensure fulfillment of council priorities
 - Prevents unplanned spending of reserves
- And a useful Management Tool
 - Budget monitoring can help identify problems/issues
 - May trigger a review of the original Budget (the Plan)
- Significant changes need Council approval
 - Ensures that Council maintains control of the “Plan”



Oregon Budget Law and the Budget Committee

- Oregon's Local Budget Law is a series of statutes (ORS 294.305 to 294.565) that require local governments to prepare and adopt annual or biennial budgets following a very specific process.
- City Council appoints citizen members to the budget committee in a number equal to the size of Council.
- Hears the budget officer's budget message.
- The budget committee reviews the proposed budget, considers comments from the public, and approves the budget.



Roles & Responsibilities

- Budget Officer (City Manager) – Provides budget directions to departments based on Council Goals and Fin. Forecast.
- Departments:
 - Prepare requested budgets in line with directions
 - Plan operational expenditure line items.
- Budget Officer – Prepares Proposed Budget, 5-Year Capital Improvement Plan (CIP), and Budget Message for Budget Committee
- Budget Committee:
 - Hears Budget Message and Long-Term Financial Forecast
 - Discusses policy level changes to Proposed Budget
 - Approves Budget with changes



What is a Fund?

- A fund is a self balancing set of accounts used to record estimated resources and planned requirements for specific activities and objectives.
- General Fund is unrestricted and includes departments that support others.
- All other funds are restricted.
 - Collect specified revenues
 - Revenues only spent on specified expenditures



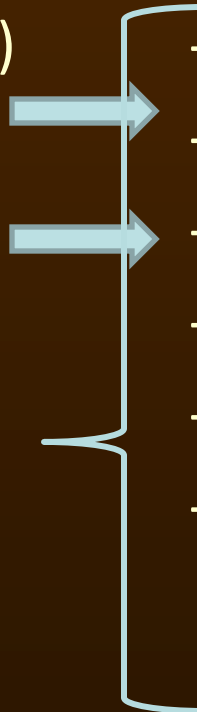
Analogy – A College Student's Budget

- Revenue

- Scholarships (restricted)
- Food Card (restricted)
- Paycheck (unrestricted)

- Expenses

- Tuition
- Food
- Entertainment
- Transportation
- Books
- Rent



What is in a Fund?

- Resources:
 - Beginning Fund Balance
 - Estimated Revenues
- Requirements
 - Expenditures
 - Categories – Personal Services, M&S, Debt, Transfers, Capital
 - Debt - City obligations for debt payments (i.e., bond issues)
 - Transfers - Payments to other funds for supporting services.
 - Capital Improvements – Capital projects included in the 5-Year Capital Improvement Plan (CIP)
 - Contingency – appropriation set aside for unplanned occurrences
 - Reserve for Future Expenditures – left over balance
- ***Resources [must] = Requirements***



Fund FAQ

- **Q:** What happens to the Reserves in Ending Fund Balance?

A: They become next year's Beginning Fund Balance for that specific fund.

- **Q:** What happens to unspent budget at the end of the year?

A: Unspent budget adds to the Reserve in Ending Fund Balance.



Fund FAQ

- **Q:** What about multi-year projects like contracts or the Five Year CIP projects?

A: Each year, the expenditures need to be re-appropriated through the budget process.

- **Q:** Why is there always unspent budget?

A: The budget represents the maximum amount that can be legally spent. Unplanned vacancies and service efficiencies keep departments under budget.



Fund FAQ

- **Q:** What are the transfers for?

A: Milwaukie recalibrated its transfers with it's Fund Reorganization of 2011 following an Activity Based Costing model.

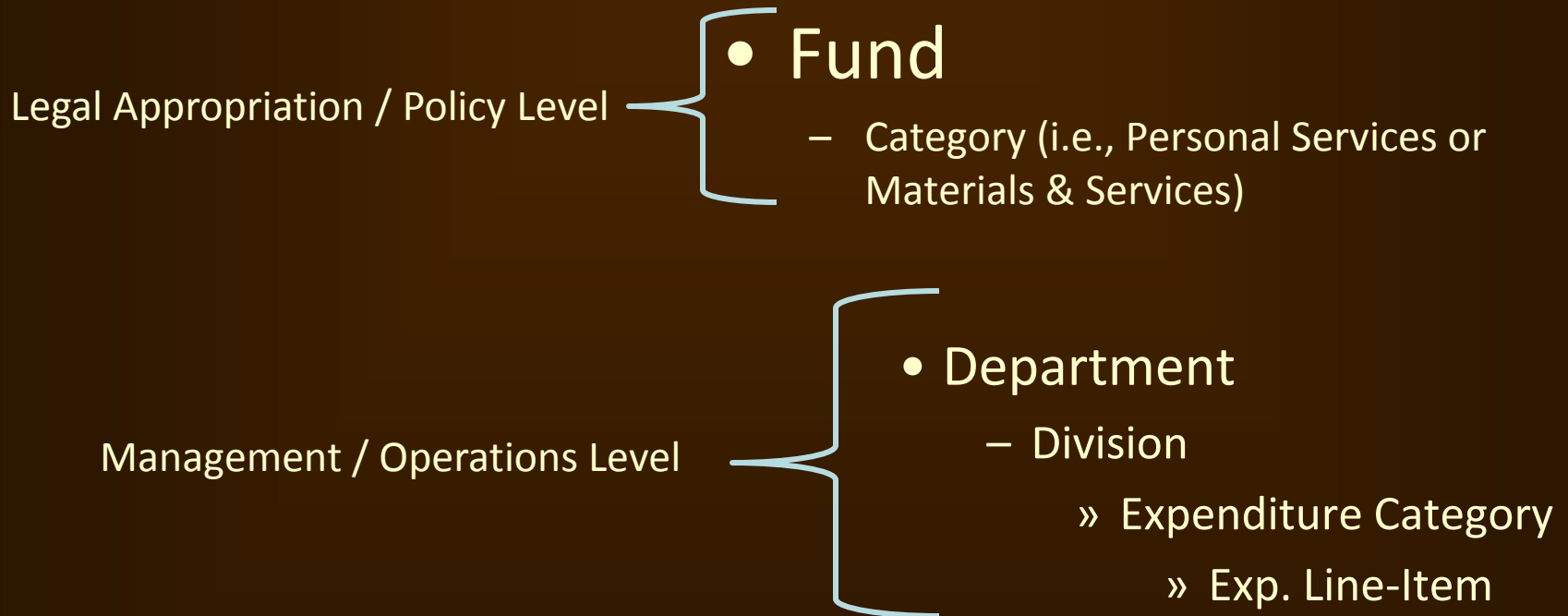
- Each Fund outside of the General Fund represents a self-supporting functional operation, and as such, should reimburse the General Fund its share of the respective services that the General Fund supporting departments provide it. Hence, a since of transfers was developed so that each Fund pays its respective share of General Fund overhead based upon what drives thoses costs. For example, the Planning Fund reimburses the General Fund for IT costs based upon the number of computers that the Planning Fund owns.





Reading the Proposed Budget Document

Budget Hierarchy



Schedule of Appropriations

- Approved by Budget Committee
- Adopted by Council
- Only has Expenditures - e.g. the portion of the budget under direct control of Milwaukie.
- Creates the legal constraints by Fund.
- Proposed Budget is Approved by Budget Committee with or without changes.
- Approved Budget is Adopted by Council with or without changes.



Schedule of Appropriations

- Below is a portion of the General Fund at its appropriation level (i.e., Department Level):

GENERAL FUND

Community Services Department	\$ 908,000
Code Enforcement Department	196,000
Public Access Studio Department	112,000
Police Administration Department	505,000
Police Field Services Department	5,397,000
Police Support Services Department	349,000
Planning Services Department	579,000



Schedule of Appropriations

- Below is the Building Inspections Fund at its appropriation level (i.e., Category Level):

BUILDING INSPECTIONS FUND

Personal Services	\$ 208,000
Materials & Services	14,000
Transfers to Other Funds	30,000
Contingency	64,000
Appropriated for Building Inspections	<u>\$ 316,000</u>





Other Budget Items

The legal part of the Budget process

Phase I

City Manager balances all of the budgets by Fund and presents them as a “Proposed” Budget to Budget Committee

Spring 2011

Phase II

Budget Committee reviews, deliberates, and then recommends “Approved” Budget to City Council

April/May 2011

Phase III

City Council reviews, deliberates, and then “Adopts” Budget with certified tax rates and bonded debt levy

Before June 30th



The other part of the Budget process

- Year-long process
- Supplemental Budget Adjustments during year
- Periodic updates and discussions
- Quarterly reporting and monitoring
- Monthly meetings with Budget Review Board
- Education and communication



Capital Improvement Plan

- CIP Projects Found in Capital Improvement Plan
 - Details in separate CIP document

SSMP PRIORITY PROJECTS				
FY	PROJECT DESCRIPTION	PROJECT ORIGATION	COST	TOTAL PER FY
2012	Harrison Ph 1(32nd to 42nd)	SSMP 10-Year List: Reconstruction	\$ 460,000	\$ 860,000
	International Way (37th to Harmony)	SSMP 10-Year List: Overlay	400,000	
2013	Monroe St	SSMP 10-Year List: Reconstruction	800,000	800,000
2014	Harrison Ph 2(39E to 32nd)	SSMP 10-Year List: Reconstruction	480,000	780,000
	Main Street Downtown	SSMP 10-Year List: Unknown Treatment	300,000	
2015	Freeman Way (International to Lake)	SSMP 10-Year List: Overlay	300,000	300,000
2016	Railroad Ave (Harrison to Harmony)	SSMP 10-Year List: Reconstruction	870,000	870,000
Future Years	43rd Ave (King to Howe) + Howe St (43rd to 42nd)	SSMP 10-Year List: Overlay	130,000	
	Harvey St	SSMP 10-Year List: Reconstruction	303,000	
	Mailwell St	SSMP 10-Year List: Reconstruction	190,000	
	Home Ave	SSMP: Reconstruction	345,000	
	Wood Ave	SSMP: Reconstruction	345,000	
	Washington St (37th to 40th)	SSMP: Overlay	100,000	
	McBrod Ave (17th to Ochoco)	SSMP: Reconstruction	370,000	
5 YEAR TOTAL				\$3,610,000



Final Budget Document

- To be consolidated, drafted, designed
- Introduction to include Budget Message with budget framework and major issues
- Budget Summary to include Summary of All Funds, Financial Policies, Trends, and Demographics
- Department summaries have narratives, goals, and performance measures
- Capital Improvement Plan outlines capital projects for the next five years
- Appendix to include Schedule of Appropriations, Five Year Forecast, and CIP Summary Sheets



Motion to Approve ...

I move to approve the City Manager's Proposed Budget for FY 2012 with a property tax rate of \$4.0718 per \$1000 of assessed value with the following two changes:

- Move the \$20,000 in Police capital for the canine up to Materials & Services for “canine related expenses” on Page 38. and;*
- In the Transportation Fund on Page 60, change capital outlay to fund \$146,000 previously shown as “unfunded CIP capital” related to the Walk Safely Milwaukie Program with a corresponding decrease in the unappropriated ending fund balance line on the same page.*



LB Forms to Advertise ...

- Several legal “LB Forms” to advertise after budget is approved and before July 15th:

Notice of Property Tax and Certification of Intent to Impose a Tax, Fee, Assessment or Charge on Property				FORM LB-50 2011-2012	
To assessor of Clackamas County					
<input type="checkbox"/> Be sure to read instructions in the 2010-2011 Notice of Property Tax Levy Forms and Instruction booklet					<input type="checkbox"/> Check here if this is an amended form.
The <u>City of Milwaukie</u> <small>District Name</small> has the responsibility and authority to place the following property tax, fee, charge or assessment on the tax roll of <u>Clackamas</u> <small>County Name</small> County. The property tax, fee, charge or assessment is categorized as stated by this form.					
<u>10722 SE Main Street</u> <small>Mailing Address of District</small>		<u>Milwaukie</u> <small>City</small>	<u>Oregon</u> <input checked="" type="checkbox"/> <small>State</small>	<u>97222</u> <small>Zip</small>	<u>June 7, 2011</u> <small>Date</small>
<u>Casey Camors</u> <small>Contact Person</small>	<u>Finance Director</u> <small>Title</small>		<u>503.786.7522</u> <small>Daytime Telephone</small>	<u>camorsC@ci.milwaukie.or.us</u> <small>Contact Person E-Mail</small>	
CERTIFICATION - Check one box.					
<input checked="" type="checkbox"/> The tax rate of levy amounts certified in Part I are within the tax rate of levy amounts approved by the budget committee.					
<input type="checkbox"/> The tax rate of levy amounts certified in Part I were changed by the governing body and republished as required in ORS 294.435.					
PART I: TOTAL PROPERTY TAX LEVY					
			Subject to General Government Limits		
			Rate -or- Dollar Amount		
1. Rate/Amount levied (within permanent rate limit)	1	<u>\$4.0718</u>			
2. Local option operating tax	2				





Budget Information is Available Online

<http://www.ci.milwaukie.or.us/finance>

Budget Tab on Finance Dept

[Welcome](#) [Audits](#) [Budgets](#) [Business Registration](#) [Risk Mgmt/Insurance](#) [Fees & Charges](#) [Utility Billing](#)

Home » Finance Home » Budgets



Budgets

The City of Milwaukie adopts a budget to guide its decision making and execution of its operating and capital plans. The budget is prepared at the direction of the City Manager to address the goals and objectives of the City Council and fulfill the service level expectations of its citizens and customers.

The State of Oregon, through state law encourages public process and transparency of local government budgets. Oregon Revised Statutes (ORS 294) provides for public participation including opportunities for public comment. Additionally, the City Council has given additional authority to its citizen budget committee members as they perform their oversight responsibilities.

The proposed budget is presented by the City Manager to the full Budget Committee for consideration, deliberation and approval. This committee consists of five citizen members appointed by the City Council to staggered three year terms and the City Councilors and

Finance Home

- ▼ **Welcome**
 - Finance Directors
 - Assistant Finance Director
 - Finance Department
 - Mission Statement
 - ▼ Financial Policies
 - Public Contracting Rules
- ▼ **Audits**
 - FY 2010
 - FY 2009
 - FY 2008
- ▼ **Budgets**
 - Budget Review Board
 - Budget Committee
 - Budget Meetings
 - ▼ Budget Documents
 - FY 2012 [proposed]
 - FY 2011
 - FY 2010
 - Local Budget Law

